

5101:3-3-44

Effective: 05/20/2004

R.C. 119.032 review dates: 03/03/2004 and 05/20/2009

CERTIFIED ELECTRONICALLY

Certification

05/10/2004

Date

Promulgated Under: 119.03
Statutory Authority: 5111.02
Rule Amplifies: 5111.01, 5111.02, 5111.23
Prior Effective Dates: 7/1/93 (Emer.), 9/30/93,
6/30/94 (Emer.), 11/1/94,
7/1/02

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SUPERSEDES
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EXISTING
APPENDIX A

5101:3-3-44 MAXIMUM COST PER CASE-MIX UNIT CALCULATION - ALL NURSING FACILITIES

1	\$20	2,000	2,000
2	\$21	20,000	22,000
3	\$22	35,000	57,000
4	\$23	10,000	67,000
5	\$24	45,000	112,000
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461	\$42 (Median Facility)**	36,500	10,500,000
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784	\$45 (85th Percentile Facility)**	35,000	17,100,000
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922	\$65	20,000	20,000,000
		<u>20,000,000</u>	

Median Medicaid Day = 10,000,000th Medicaid Day [paragraph (B)(2)(a)(iii)]

85th Percentile Medicaid day = 17,000,000 Medicaid Day [paragraph (B)(2)(a)(iv)]

\$40 CPCM U which reflects the Median Medicaid Day [paragraph (B)(2)(a)(iii)]
 \$44 CPCM U which reflects the 85th Percentile Medicaid Day [paragraph (B)(2)(a)(iv)]
 \$44/\$40 = 1.10% Percentage above the Median Medicaid Day (ceiling) [paragraph (B)(2)(a)(v)]

**The "Median Facility" and the "85th Percentile Facility" are not used in the calculation of the maximum cost per case-mix unit. All the information represented on this appendix is for illustration purposes only. Facilities specified in paragraph (B)(2)(a)(ii) of this rule are not included in the calculation of the Maximum Cost Per Case-Mix Unit.

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EXISTING
APPENDIX B

5101:3-3-44 MAXIMUM COST PER CASE-MIX UNIT CALCULATION - PEER GROUP 1

1	\$19	2,000	2,000
2	\$20	20,000	22,000
3	\$21	35,000	57,000
4	\$22	10,000	67,000
5	\$23	45,000	112,000
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77	\$43 (Median Facility)**	15,000	1,750,000
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154	\$57	20,000	3,300,000
		<u>3,300,000</u>	

Median Medicaid Day = 1,650,000th Medicaid Day [paragraph (B)(2)(a)(vii)]

\$41 CPCM U which reflects the Median Medicaid Day [paragraph (B)(2)(a)(vii)]
 \$44/\$40 = 1.10% [See Appendix A or paragraph (B)(2)(a)(v)]
 \$41 x 1.10% = \$45.10 Maximum Cost Per Case-Mix Unit [paragraph (B)(2)(a)(viii)]

**The "Median Facility" is not used in the calculation of the maximum cost per case-mix unit. All the information represented on this appendix is for illustration purposes only. Facilities specified in paragraph (B)(2)(a)(ii) of this rule are not included in the calculation of the Maximum Cost Per Case-Mix Unit.

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 SUPERSEDES
 TN #01-016 EFFECTIVE DATE 05/20/04

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Method for establishing the indirect care costs component of the prospective rate for nursing facilities (NFs).

(A) The Ohio department of job and family services (ODJFS) shall pay each eligible NF a per resident per day rate for indirect care costs established prospectively each fiscal year for each facility. The rate for each NF shall be the sum of the following, but shall not exceed the maximum rate established for the facility's peer group under paragraph (B) of this rule:

(1) The facility's desk-reviewed, actual, allowable, per diem indirect care costs from the calendar year preceding the fiscal year in which the rate will be paid, adjusted for the inflation rate estimated under paragraph (C)(1) of this rule; and

(2) An efficiency incentive of the following amount:

(a) For fiscal years that end in even-numbered calendar years, the difference between the maximum rate established for the facility's peer group under paragraph (B)(1)(g) of this rule and the median actual, allowable, per diem indirect care cost for the facility's peer group under paragraph (B)(1)(f) of this rule.

(b) For fiscal years that end in odd-numbered calendar years, the amount calculated for the preceding fiscal year under paragraph (A)(2)(a) of this rule.

(B) Except as specified under paragraph (B)(4) of this rule, the maximum rate for indirect care costs for each peer group of NFs specified under paragraph (D) of this rule shall be determined as illustrated in appendix A of this rule and as follows:

(1) For fiscal years that end in even-numbered calendar years, set the maximum rate for each peer group of NFs as follows:

(a) Calculate the per diem indirect care cost under paragraph (A)(1) of this rule for each NF excluding any NF that participated in the medical assistance program under the same operator for less than twelve months during the calendar year preceding the fiscal year in which the rate will be paid; and

(b) Calculate the mean and standard deviation from the per diem indirect care cost established under paragraph (B)(1)(a) of this rule; and

(c) Calculate three standard deviations from the mean established in

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[stylesheet: rule.xml 2.14, authoring tool: i4i 2.0 Apr 9, 2003, idv: 5, pr: 12840, po: 18730, ra: 64593, d: 60113]

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paragraph (B)(1)(b) of this rule; and

- (d) Determine each NF in which the per diem indirect care cost is more than three standard deviations above or below the mean calculated under paragraph (B)(1)(c) of this rule any NF that serves residents who have outlier service needs and for which rates have been set pursuant to rule 5101:3-3-25 of the Administrative Code; and
 - (e) Group the NFs for which the per diem indirect care cost is calculated under paragraph (B)(1)(a) of this rule into each peer group under paragraph (D) of this rule; and
 - (f) Array the per diem indirect care cost from the calculation under paragraph (B)(1)(a) of this rule for each peer group excluding the NFs determined under paragraph (B)(1)(d) of this rule in ascending order for each facility and calculate the per diem indirect care cost which reflects the median medicaid day; and
 - (g) Multiply the median as calculated under paragraph (B)(1)(f) of this rule times one hundred twelve and one-half per cent to obtain the maximum rate for indirect care costs for each peer group.
- (2) For fiscal years that end in odd-numbered calendar years, the maximum rate for indirect care costs for each peer group is the group's maximum rate for the previous fiscal year as established under paragraph (B)(1)(g) of this rule, adjusted for the inflation rate estimated under paragraph (C)(2) of this rule.
- (3) ODJFS shall not recalculate a maximum rate for indirect care costs set under paragraph (B)(1) or (B)(2) of this rule on additional information that ODJFS receives after the maximum rate is set. ODJFS shall recalculate the maximum rate for indirect care costs only if it made an error in computing the maximum rate based on the information available at the time of the original calculation.
- (4) The maximum rate for per diem indirect care costs for NFs calculated under this rule shall be increased by ten cents in the fiscal years that begin July 1, 1993 and July 1, 1994 only. This increase shall not be used to calculate the efficiency incentive under paragraph (A)(2) of this rule.
- (C) For purposes of estimating the inflation rates for NFs under the provisions of this rule, the following applies:
- (1) When adjusting rates for inflation under paragraph (A)(1) of this rule, ODJFS

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shall estimate the rate of inflation for the eighteen-month period beginning on the first day of July of the calendar year preceding the fiscal year in which the rate will be paid and ending on the thirty-first day of December of the fiscal year in which the rate will be paid, using the consumer price index for all items for all urban consumers for the north central region, published by the United States bureau of labor statistics.

- (2) When adjusting rates for inflation under paragraph (B)(2) of this rule, ODJFS shall estimate the rate of inflation for the twelve-month period beginning on the first day of January preceding the fiscal year in which the rate will be paid and ending on the thirty-first day of December of the fiscal year in which the rate will be paid, using the consumer price index for all items for all urban consumers for the north central region, published by the United States bureau of labor statistics.
- (3) If the inflation rate estimated under paragraph (C)(1) or (C)(2) of this rule is different from the actual inflation rate for the relevant time period, as measured using the same index, the difference shall be added to or subtracted from the inflation rate estimated pursuant to this paragraph for the following fiscal year.
- (D) Peer groups used to calculate the indirect care costs component of the prospective rate for NFs beginning July 1, 1993 shall be based upon the bed size of the facility and on the geographic location of the county in which the facility resides as follows:
- (1) The bed size variable of the peer group is based on the following two groupings:
- (a) Facilities that have from one to ninety-nine beds; or
 - (b) Facilities that have one hundred beds or more.
- (2) The geographic variable of the peer group is based on the following four groupings:
- (a) A metropolitan statistical area (MSA): an "MSA" is a county or a group of contiguous counties which encompasses a principal city in Ohio and as defined by the federal office of management and budget (OMB). For purposes of this rule, the MSA peer group includes the following counties: Allen, Auglaize, Carroll, Clark, Columbiana, Crawford, Delaware, Fairfield, Franklin, Fulton, Greene, Jefferson, Licking, Lucas, Madison, Mahoning, Miami, Montgomery, Pickaway, Richland,

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Stark, Trumbull, and Wood.

(b) A consolidated metropolitan statistical area (CMSA): a "CMSA" is two or more contiguous MSAs which encompasses a principal city in Ohio and as defined by the federal OMB. The two CMSAs in Ohio shall be separate peer groups as follows:

(i) For purposes of this rule, the "northeastern CMSA peer group" includes the following counties: Ashtabula, Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit.

(ii) For purposes of this rule, the "southwestern CMSA peer group" includes the following counties: Brown, Butler, Clermont, Hamilton, and Warren.

(c) "Other area": "other area" is defined as an area not located in either the MSA or the CMSAs specified in paragraphs (D)(2)(a) and (D)(2)(b) of this rule.

(3) Notwithstanding OMB Bulletin No. 03-04, issued on June 6, 2003, the peer groups will remain as defined in paragraphs (D)(2)(a) to (D)(2)(c) of this rule through state fiscal year 2005. Following the release of changes to MSAs or CMSAs, as defined by the federal OMB, the peer groups will be redefined onfor the following July first rate setting calculation, if the department determines practicable, based upon a statistical study that supports changing the peer groups.

(4) Each NF will be classified into a peer group for the calendar year preceding the fiscal year in which the rate is paid. Once a classification is set, it remains in effect throughout the fiscal year in which the rate is paid.

(5) A maximum rate for indirect care costs will be set for each peer group for the calendar year preceding the fiscal year in which the rate is paid. Once the maximum rate for indirect care costs is set, it remains in effect throughout the fiscal year in which the rate is paid.

(6) If a new NF is established at a time other than when ODJFS rebases the payment system, ODJFS will assign that NF to a peer group for payment purposes, but will not recalculate the maximum rate for indirect care costs for that peer group.

(E) For the NFs excluded under paragraph (B)(1)(a) of this rule that participated in the

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medical assistance program under the same operator for less than twelve months during the calendar year preceding the fiscal year in which the rate will be paid, reimbursement shall be made in accordance with rule 5101:3-3-53 of the Administrative Code.

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SUPERSEDES
TN # 02-016 EFFECTIVE DATE 05/20/04

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Effective: 05/20/2004

R.C. 119.032 review dates: 03/03/2004 and 05/20/2009

CERTIFIED ELECTRONICALLY

Certification

05/10/2004

Date

Promulgated Under: 119.03
Statutory Authority: 5111.02
Rule Amplifies: RC 5111.01, 5111.02,
5111.20, 5111.24
Prior Effective Dates: 7/1/93 (Emer.), 9/30/93,
6/30/94 (Emer.), 11/1/94,
7/1/02

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TN #04-001 APPROVAL DATE _____
SUPERSEDES
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EXISTING
APPENDIX A

5101:3-3-50 MAXIMUM INDIRECT CARE COST CALCULATION - NURSING FACILITY PEER GROUP 1

1	\$12	2,000	2,000
2	\$12	20,000	22,000
3	\$12	35,000	57,000
4	\$13	10,000	67,000
5	\$13	45,000	112,000
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77	\$20 (Median Facility)**	36,500	2,200,000
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154	\$28	20,000	3,300,000
		<u>3,300,000</u>	

Median Medicaid Day = 1,650,000th Medicaid Day [paragraph (B)(1)(f)]

\$18 Per Diem Indirect Costs which reflects the Median Medicaid Day [paragraph (B)(1)(f)]
 \$18 x 112.5% = \$20.25 Maximum Rate for Indirect Care Cost for Peer Group 1, even FYs [paragraph (B)(1)(g)]
 \$20.25 x 4.00 = \$21.06 Maximum Rate for Indirect Care Cost for Peer Group 1, odd FYs [paragraph (B)(2)]

**The "Median Facility" is not used in the calculation of the maximum rate for Indirect Care Cost.
 All the information represented on this appendix is for illustration purposes only. Facilities specified in paragraph (B)(1)(d) of this rule are not included in the calculation of the Maximum Rate for Indirect Care Cost.

TN #01-004 APPROVAL DATE JUL 20 2004
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